



California Energy Commission

RPS Procurement Verification Data Review

Morning Session

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Gina Barkalow

Renewable Energy Program

gbarkalo@energy.state.ca.us

916-654-4057





The Energy Commission is charged with:

- Certifying eligible renewable resources;
- Designing and implementing an accounting system to verify Renewable Portfolio Standard (RPS) compliance;
- Establishing a system that protects against multiple counting of the same Renewable Energy Credit (REC).



RPS Procurement Verification Report

- The Renewable Energy Office prepares the *Renewables Portfolio Standard Procurement Verification Report (Verification Report)* to report on the amount of eligible renewable energy procured each year by retail sellers of electricity towards meeting California's RPS procurement requirements.



Policy issues identified during the verification process

- 1) procurement from “unbundled” energy contracts;
- 2) procurement from facilities without RPS certification; and
- 3) estimating incremental geothermal procurement.



1) procurement from “unbundled” energy contracts - background

- CA RPS California Public Utilities Code section 399.16(a)(5) states: “No renewable energy credits shall be created for electricity generated pursuant to any electricity purchase contract with a retail seller or a local publicly owned electric utility executed before January 1, 2005, **unless the contract contains explicit terms and conditions specifying the ownership or disposition of those credits....**”



1) procurement from “unbundled” energy contracts - background

- Southern California Edison Company (SCE) has claimed procurement from the Mountain View I & II wind facilities towards its RPS targets from the years 2003 through 2007.
- SCE's procurement from Mountain View I and II does not include the RECs.
- Contract specifies that the RECs belong to the facility owner.



1) procurement from “unbundled” energy contracts - background

- Energy Commission staff inadvertently counted SCE’s claims for the Mountain View generation towards SCE’s RPS obligations for 2004 & 2005.
- Energy Commission staff learned that SCE’s contract did not include the RECs.
- SCE has continued to report such procurement.



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Table 1 - 2004 Mountain View I & II Procurement Claims

Facility	SCE RPS- Procurement Claim (in kWh) ¹	3Phases Energy Services SB 1305- Procurement Claim (in kWh) ²	Total Procurement Claimed (in kWh)	Facility Generation (in kWh) ³
Mountain View I Wind	132,128,429	0	132,128,429	129,230,000
Mountain View II Wind	61,296,744	236,000	61,532,744	59,947,000
Total	193,425,173	236,000	193,661,173	189,177,000

¹ Reported by SCE in their 2004 CEC-RPS-Track filing.

² Reported by 3Phases Energy Services - 2004 Annual Report to the SB 1305 Power Source Disclosure Program.

³ The generation data used here was reported by the facility to the Energy Information Administration and/or the Energy Commission Public Interest Energy Research – Renewables Program. Energy Commission staff followed up on the generation claims and in September 2008 received slightly different generation numbers.



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Table 2 - 2005 Mountain View I & II Procurement Claims

Facility	SCE RPS Procurement Claim (in kWh) ¹	Burbank Water and Power (in kWh) ²	3Phases Energy Services (in kWh) ³	Turlock Irrigation District (in kWh) ⁴	Total Claimed (in kWh)	Facility Generation (in kWh) ⁵
Mountain View I Wind	146,754,659	Unknown	Unknown	Unknown	Unknown	143,893,000
Mountain View II Wind	72,835,598	Unknown	Unknown	Unknown	Unknown	73,760,000
Total	219,590,257	13,325,000	6,240,800	11,363,100	250,519,157	217,653,000

¹ Reported by SCE in their 2005 CEC-RPS-Track filing.

² Reported by Burbank Water and Power in their 2005 Annual Report to the SB 1305 Power Source Disclosure Program.

³ Reported by 3Phases Energy Services in their 2005 Annual Report to the SB 1305 Power Source Disclosure Program.

⁴ Reported by Turlock Irrigation District in their 2005 Annual Report to the SB 1305 Power Source Disclosure Program.

⁵ The generation data used here was reported by the facility to the Energy Information Administration and/or the Energy Commission Public Interest Energy Research – Renewables Program. Energy Commission staff followed up on the generation claims and in September 2008 received slightly different generation numbers.



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Table 3 - 2006 Mountain View I & II Procurement Claims

Facility	SCE RPS-Procurement Claim (in kWh) ¹	City of Palo Alto Utilities SB 1305-Procurement Claim (in kWh) ²	Total Procurement Claimed (in kWh)	Facility Generation (in kWh) ³
Mountain View I Wind	149,324,803	-	149,324,803	151,940,000
Mountain View II Wind	72,268,946	3,604,000	75,872,946	73,760,000
Total	221,593,749	3,604,000	225,197,749	225,700,000

¹ Reported by SCE in their 2006 CEC-RPS-Track filing.

² Reported by the City of Palo Alto Utilities in their 2006 Annual Report to the SB 1305 Power Source Disclosure Program.

³ The generation data used here was reported by the facility to the Energy Information Administration and/or the Energy Commission Public Interest Energy Research – Renewables Program. Energy Commission staff followed up on the generation claims and in September 2008 received slightly different generation numbers.



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Table 4 - Voluntary Mountain View REC Purchases by Marketers

Year	Wholesale Mountain View I & II REC Claims by REC Marketers (MWh) ^{1,2}	Reported Generation for I & II (MWh) ³	Percent of Mountain View RECs Claimed on the Voluntary Market
2004	79,117	189,177	42%
2005	195,928	217,653	90%
2006	222,903	225,700	99%

¹ RECs are generated per MWh and represent REC claims from Mountain View Wind Facilities I & II combined.

² Reported to Energy Commission by Green-e Energy, based on annual reporting by participants in Green-e Energy.

³ The generation data used here was reported by the facility to the Energy Information Administration and/or the Energy Commission Public Interest Energy Research – Renewables Program. Energy Commission staff followed up with Mountain View on the generation claims and in September 2008 received slightly different generation numbers. The original amount was reported in kWh. Because one REC is generated per one MWh and REC-Marketers report in MWh, staff has converted this number to MWh to make the table easier to read.



1) procurement from “unbundled” energy contracts – questions

- For parties selling RECs in the voluntary market what protections are in place to ensure that RECs are not double counted and that only one REC is created for each MWh of renewable energy generated?



1) procurement from “unbundled” energy contracts – questions

- The DWR Mountain View contract assigned to SCE during the 2001 & 2002 electricity crisis contains explicit terms and conditions specifying that the ownership of the RECs belongs with the owner of the facility. How does §399.16(a)(5) impact DWR contracts, if at all?
- Should the RPS-eligibility of procurement from DWR renewable contracts be treated differently than procurement under other renewable contracts where the buyer procures only unbundled energy? If so, what is the basis for treating such DWR contracts differently?



1) procurement from “unbundled” energy contracts – questions

- Both PG&E and SDG&E were assigned DWR-electricity contracts that do not include RECs, but they have not claimed the generation from these contracts towards their RPS procurement targets, recognizing that the contracts provide unbundled energy.
- If you think DWR contracts should be treated differently, should the exception apply to all similarly structured DWR contracts?



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Table 5 - SCE Percent of RPS-eligible Procurement Claims with and without Mountain View

Reporting Year	* Annual Procurement Target	** SCE RPS Procurement including Mountain View	** SCE RPS Procurement - NOT including Mountain View	APT Percent Difference
2004	16.93%	18.94%	18.66%	0.27%
2005	17.39%	17.87%	17.57%	0.30%
2006	17.92%	16.94%	16.65%	0.30%

*Mountain View is not part of the initial baseline because there was not a Mountain View claim in 2001.

** Procurement percentages are based on current year's procurement and previous year's retail sales. Energy Commission staff is verifying RPS procurement claims as part of development of the *Draft 2006 RPS Procurement Verification Report*. These draft numbers should not be considered final.

Notes on staff's calculation of Targets:

Annual Procurement Targets for IOUs do not start until 2004.

Annual Procurement Target = Previous Annual Procurement Target plus Incremental Procurement Target.

Incremental Procurement Target = 1 percent of Previous Year's Retail Sales.



1) procurement from “unbundled” energy contracts - questions

- Under what conditions, if any, could SCE be allowed to claim that its unbundled procurement from the Mountain View I and II facilities is RPS-eligible?
- Should SCE be allowed to retroactively procure RECs from other RPS-certified facilities to match or ‘rebundle’ them with the energy SCE procured through the Mountain View contract? Please explain why or why not.
- Current RPS rules would prohibit this option. If you believe that this option has merit, identify what CPUC and/or Energy Commission rules pertain. Would statutory changes be needed? If so, please identify them.



How does SCE's Mountain View RPS claim impact various parties?

- Energy Commission staff is aware that the RPS evaluation of SCE's procurement from the Mountain View I & II facilities may have consequences for SCE's ratepayers, parties who procured RECs from these facilities, and other interested parties.
- Please describe how the conditions or actions you proposed in response to the above questions may affect you or other interested parties.
- What remedies, if any, should the Energy Commission and/or CPUC consider to address these issues?



2) procurement from facilities without RPS certification – background

- The *RPS Eligibility Guidebooks* require that a retail seller procure energy and the associated RECs from a facility that is RPS-certified in order to count the procurement toward the seller's RPS obligations.
- PacifiCorp has RPS procurement claims from facilities that are not RPS certified.



2) procurement from facilities without RPS certification - questions

- Should procurement claimed for generation from facilities that are not currently RPS-certified be eligible to count towards the utility's RPS obligations?
- Should the facilities be required to become RPS certified for their generation to count towards the utility's RPS requirements, as required by the *RPS Eligibility Guidebook*?
- If "yes," by what date should the facilities become RPS certified for their generation to count towards the utility's RPS obligations?



3) estimating incremental geothermal procurement – background & question

- Senate Bill 107 has removed incremental geothermal requirements from 2007 forward, and staff proposes to continue to allocate all incremental geothermal procurement to the IOUs for 2006, and discontinue the incremental geothermal analysis section from the *2007 RPS Procurement Verification Report*.
- For 2006, are there any foreseeable problems with continuing to allocate incremental geothermal to the IOUs, as was the practice in previous *RPS Procurement Verification* reports?



Next Steps – RPS Procurement Verification Report

- Workshop Comments are due April 3, 2009
- Make any needed revisions to staff analysis of RPS procurement data and report the results in a *DRAFT 2006 RPS Procurement Verification Report (Verification Report)*.
- The *Draft Verification Report* will be made available for public comment and then will be finalized and considered for adoption by the Energy Commission.



Next Steps – RPS Procurement Verification Report - continued

- Once the *Verification Report* is adopted by the Energy Commission, the report will be transmitted to the California Public Utilities Commission (CPUC) for its use in applying flexible compliance rules and determining if retail sellers are in compliance with RPS procurement requirements.
- Once the CPUC receives the *Final Verification Report*, retail sellers will be required to issue “verified compliance reports” 30 days afterwards.



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Questions - RPS Procurement Verification Data Review

- 1a) Inform staff if you have any corrections or additions to the data in Tables 1-4:
 - Parties that procured (or claimed to procure) energy and/or RECs from Mountain View
 - Wholesale marketers Mountain View REC – note numbers represent multiple marketers
 - b) What are the protections for voluntary REC market participants against double counting and that only one REC is created per MWh?
 - c) Because DWR contracts are relicts of the electricity crisis, should they be treated differently than other RPS contracts?
 - d) What conditions, if any, should SCE be allowed to claim its unbundled procurement from Mountain View as RPS eligible?
 - e) What are the consequences to involved parties on the evaluation of SCE's Mountain View RPS procurement claim?
 - f) Describe how conditions or actions you propose may affect you or others.
 - g) What remedies, if any, should the Energy Commission &/or CPUC consider to address this issue?
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- 2a) Should procurement from facilities that are not currently RPS-certified be eligible to count towards the utility's RPS obligations?
 - b) Should facilities be required to become RPS certified for generation to count towards the utility's RPS requirements?
 - c) If so, by what date should the facilities become RPS certified for their generation to count towards the utility's RPS obligations?
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- 3a) For 2006, are there foreseeable problems with allocating incremental geothermal to IOUs?